

Tips on Submitting a TDA Proposal

To be helpful, we have provided an on-line version of the model format for feasibility study grant proposals.

We recommend that you familiarize yourself with TDA's mission and funding criteria, and discuss your project with a TDA representative prior to preparing a written proposal. The TDA Website (www.tda.gov) has a significant amount of information that will assist interested companies. Additional resource information on TDA past activities and current events can be obtained by contacting TDA's Information Resource Center at (703) 875-4357.

After becoming knowledgeable about TDA, you should call the appropriate Regional Director or Country Manager to informally discuss your proposal. Assuming there is a mutuality of interest, it would be helpful to then provide the TDA contact with a brief (2-3 page) outline of the proposal. If, after review of the informal outline, the regional staff encourages you to proceed, you should prepare a proposal using the model format for feasibility study proposals.

Feasibility Study Proposal Model

Introduction

The U.S. Trade and Development Agency (TDA) provides grant funding for studies to determine the technical, economic, and financial feasibility of major infrastructure and industrial projects in developing and middle income countries. TDA funds feasibility studies, conducted by U.S. companies, to get the U.S. private sector in on the ground floor of projects that have the potential for generating significant exports of U.S. goods and services.

Historically, most TDA projects have involved public sector undertakings, planned and implemented by government ministries or agencies. Increasingly, however, developing and middle income countries have begun to promote private sector involvement in major infrastructure and industrial projects. Consequently, TDA now provides funding for studies on both public and private sector projects.

TDA Operating Procedures

To initiate TDA consideration of a project, a request for assistance must be made directly to TDA by the appropriate host country project sponsor (government or private sector). In cases where a specific U.S. company has been identified by the project sponsor as its partner or preferred supplier on the project, that U.S. company must submit a detailed proposal to TDA, based on the outline provided below.

If, based on TDA's preliminary review of the proposal, a project appears promising, TDA may hire its own technical consultant to review the project, through what is called a **Desk Study**. A Desk Study is a review of the proposal to ascertain whether the project appears viable and meets the following basic TDA funding criteria:

- (1) the project will have a positive developmental impact on the host country;
- (2) financing for project implementation is available or likely to be available if the feasibility study confirms project viability;
- (3) the potential for U.S. exports during project implementation is significant; and
- (4) TDA has a facilitative role to play, such as overcoming subsidized foreign competition.

The Desk Study also reviews the proposal to ascertain the potential environmental impact of a project; TDA will not support a project that will have a negative environmental impact. Similarly, the Desk Study assesses the potential effect of the project on U.S. labor, since TDA will not approve a project that is likely to result in the export of U.S. jobs. Other major tasks of the Desk Study are to carefully evaluate the appropriateness of the Terms of Reference and budget for the feasibility study and confirm that the technology involved in the proposed project is commercially proven. TDA does not support projects involving non-commercially proven technology.

In some cases, particularly for public sector projects, TDA may not have sufficient information available from a proposal to evaluate a project through a Desk Study. In these situations, the Agency may commission a Definitional Mission (DM), which involves a technical consultant traveling to the host country to develop more information on the project. The purpose of a DM, like that of a Desk Study, is to determine whether a project meets TDA funding criteria.

Based on the results of the Desk Study or DM, TDA will decide whether to support the project. If TDA approves funding for a feasibility study, it signs a **Grant Agreement** with the host country project sponsor (**the Grantee**); the Grantee then signs a contract with the U.S. company it has selected to conduct the study (typically, the company that has submitted the proposal). Both the Grant Agreement and the contract contain the Terms of Reference as attachments.

While the Grant Agreement is signed by TDA and the Grantee, no funds are actually transferred to the Grantee. Instead, the U.S. contractor conducts work under its contract with the Grantee and submits its invoices to the Grantee, who, if satisfied with the work, approves the invoices and forwards them to TDA. TDA then pays the contractor directly in the United States.

Because of the high demand for TDA funding, not all projects that meet TDA funding criteria can be supported. Furthermore, specific funding criteria may vary from geographical region to region and from sector to sector. For example, in some regions, there may be a minimum threshold of potential U.S. exports for a project to qualify. Therefore, companies interested in TDA support should consult with the relevant TDA regional staff before submitting a proposal.

General Proposal Guidelines

Feasibility study proposals submitted to TDA by U.S. companies **must** follow the model format set forth below. Proposals that do not fully address each item will **not** be considered for funding.

Definitions. As used below, “*study*” means the feasibility study for which TDA funding is being sought. “*Project*” means the actual project to be implemented at the conclusion of the feasibility study. “*Project sponsor*” is the host country entity that will have responsibility for implementing the project. “*Proposer*” or “*company*” is the U.S. company submitting the proposal to TDA.

Nationality. TDA funding is intended for services sourced in the United States. However, up to 20% of the TDA funding may be subcontracted by the feasibility study contractor to host country organizations. Proposals must clearly identify the nationality of individuals and companies who will actually conduct the feasibility study.

Cost-Sharing and Reimbursement. In most cases, TDA requires cost-sharing, i.e., TDA only partially covers the cost of the feasibility study, with the remainder of the cost being borne by the company and/or by the project sponsor. TDA's contribution varies according to a number of factors, including the size of the company, the costs the company has incurred in developing the project, and the risks associated with the project. In addition, TDA usually requires the company to reimburse part or all of TDA's funding if the project is implemented and the company achieves substantial economic benefit. These commitments are included in a letter agreement between TDA and the company.

Copies. A minimum of six copies of the proposal must be submitted to TDA. In addition, an electronic version (as an e-mail attachment or on a disk) must be provided. If the proposal contains confidential commercial information, it should be so marked.

Proposal Outline

A. Executive Summary (1-3 pages). A concise summary of the proposal, including the specific objective of the feasibility study.

B. Project Description (3-6 pages). A brief description and history of the project, including, among other things, host country and/or other project sponsors, sector, project location, source of raw materials, infrastructure requirements, proposed technological approach, legal and regulatory framework (licenses, permits, etc.), implementation schedule, and economic fundamentals (estimated capital cost, operating costs, interest expense, taxes, expected revenues, etc).

C. Developmental Impact (1-2 pages). A statement on the developmental impact of the project.

D. Project Sponsor's Commitment (1-2 pages). Demonstration of the project sponsor's commitment to implementation of the project and ability to implement the project.

E. Implementation Financing (2-4 pages). A discussion of financing options for project implementation, including:

1. An overall cost estimate, proposed ownership and financing structure, and schedule for project implementation; and
2. Evidence that financing is available or likely to be available for the project, including a description of discussions with representatives of potential lenders and, if the project is host-country financed or guaranteed, representatives of the appropriate host country financing authority. Provide names and phone numbers of contacts, and summarize their comments.

For projects involving U.S. equity investment, the following additional information must be provided:

1. A complete set of audited financial statements from the U.S. investor for the past three years which show evidence of an operation with a solid financial structure and cash flow and a net worth sufficiently large to assure the availability of the equity required for the project; and
2. Evidence of a debt-equity structure for financing the project that corresponds to the requirements of the most likely source of implementation financing. Sources of equity should be identified, and letters of intent/commitment from investors should be provided.

In the event that any of the requested additional information or documentation is not available, an explanation of why it cannot be provided.

F. U.S. Export Potential (1-2 pages). A best estimate of the U.S. export potential of the project, including an estimate, by category and dollar value, of the U.S. goods and services that might be procured for project implementation and an illustrative list of potential U.S. suppliers of the goods and services for each category with contact names and telephone numbers.

G. Foreign Competition (1 page). A description of the foreign competition for the goods and services likely to be procured for project implementation by category, including a discussion of U.S. industry competitiveness in each category, taking into account geographic factors, local industry capabilities, technology and licensee issues, past procurement tendencies of the project sponsor, and how the procurement is likely to be conducted.

H. Impact on the Environment (1 page). A statement on the likely consequences the proposed project might have on the environment. The Terms of Reference for the feasibility study must include, at a minimum, a preliminary review of the project's impact on the environment, with reference to local requirements and those of potential lending agencies. The feasibility study should identify potential negative impacts and discuss the extent to which they can be minimized.

I. Impact on U.S. Labor (1 page). A statement regarding the impact of the project on U.S. labor that addresses the legislative prohibitions on the use of Foreign Assistance funds listed in Annex I.

J. Qualifications (1-2 pages). Relevant background on the proposer or company, including audited financial statements for the past three years, and the qualifications and experience of the feasibility study team members. (Note that all the team members must comply with TDA's nationality requirements set forth in Annex II)

K. Justification (1 page). An explanation of why TDA's funding is needed.

L. Terms of Reference (1-3 pages). Detailed terms of reference and schedule for the feasibility study. The terms of reference must include, at a minimum:

1. A technical analysis of the project;
2. An economic analysis of the project;
3. A financial analysis of the project;
4. An appropriate environmental analysis of the project;
5. A review of regulatory issues;
6. A list of proposed goods and services for project implementation, including a list of U.S. sources of supply (company names and contact information);
7. An implementation plan (anticipated next steps necessary to implement the project); and
8. A Final Report that summarizes the findings of the study and/or other appropriate deliverables.

The Terms of Reference must be designed to meet the requirements of the most likely source(s) of implementation financing. The requirements of some of the potential financing sources may be found at the following web sites:

www.opic.gov/, www.exim.gov/apply.html;
www.ifc.org/products/workguid/prop/prop.htm;
www.adb.org/PrivateSector/operations.asp;
www.ebrd.com/english/Public/index.htm; www.iadb.org/iic/english/pdf.htm; and
www.afdb.org/opportunities/private-sector/private-sector.html.

M. Budget (2-3 pages). A detailed budget and task breakdown for the feasibility study prepared in accordance with the Feasibility Study Budget Format and Budgeted Labor Requirements in Annex III. The budget should be supported with sufficient detail to enable TDA staff or others reviewing the material to understand completely, not only the budgeted amounts, but also the methodology which justifies the budget amounts. The budget should include:

1. Labor, budgeted by position title and task for each of the positions on the feasibility study team. Positions should be identifiable, with descriptions of the positions and proposed team members included in the proposal. Person-Days should reflect the proposed number of days of work effort proposed for each position for each task. The unit cost should be the actual loaded daily rate for each position. The proposed budget may not include fee or profit.
2. Itemization for per diem, transportation, communications, subcontracts, translation of Final Report, and other direct costs. Per diem must be based on U.S. Government rates, which are available on the State Department web site (www.state.gov/www/perdiems/index.html). The budget should support the feasibility study terms of reference.

Annex I

IMPACT ON U.S. LABOR STATEMENT

The Foreign Operations, Export Financing and Related Programs Appropriations legislation restricts U.S. foreign assistance from being used to provide: (a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States; (b) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area; (c) assistance for any project or activity that contributes to the violation of internationally recognized workers rights; and (d) direct assistance for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

Annex II

TDA Nationality Requirements

The purpose of TDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

TDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as TDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by TDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. consultant; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the TDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., lodging, food, and transportation) in host country are not subject to the above restrictions. TDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as TDA may otherwise agree, the Contractor for TDA funded activities must be either a U.S. firm or a U.S. consultant. Prime contractors may utilize U.S. subcontractors, but the use of host country subcontractors is limited to 20% of the TDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. consultant may submit proposals on TDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the TDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the TDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet TDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the TDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the TDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. consultant" is (a) a U.S. citizen whose principal place of business is in the United States, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder) whose principal place of business is in the U.S.

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a “U.S. firm” if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the TDA Grant Agreement must have their source and origin in the United States, unless TDA otherwise agrees. However, necessary purchases of goods and project support services which, are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific TDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a TDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

“Source” means the country from which shipment is made.

"Origin" means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the TDA Office of General Counsel.

Annex III

Feasibility Study Budget Format

Labor (Loaded Rate)

	<u>Person-Days</u>	x <u>Unit Cost</u>	= <u>Total Cost</u>	
(Position)	_____	_____	_____	
(Position)	_____	_____	_____	
(Position)	_____	_____	_____	
Total	_____			_____

Other Direct Costs

Travel

Transportation	__trips@	_____	_____	
Per Diem	__days@	_____	_____	
Other (specify)			_____	
Total				_____

Subcontracts (specify, e.g., interpreters, legal, accounting, etc.)

U.S. Subcontracts				
_____			_____	
_____			_____	
Host Country Subcontracts				
_____			_____	
_____			_____	
Total				_____

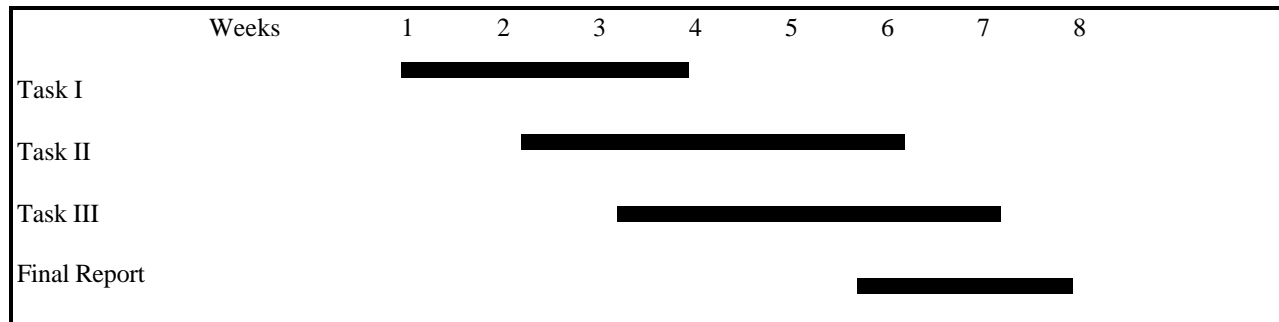
Other Costs (specify, e.g., communications, printing, etc.)

Item			_____	
Total				_____

Total Costs

Budgeted Labor Requirements

Task Completion Schedule



Instructions

List each major task to be performed. The duration of each task is to be graphically represented. For example, in the illustrative schedule, Task 1 is to begin in Week 1 and end in Week 4. Preparation of the Final Report begins in Week 6 and is completed in Week 8.